Diridon Station to Airport Connector

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Transportation & Environment Committee
Item d.5 Diridon Station to Airport Connector Status Report
June 3, 2024

Overview and Background

What

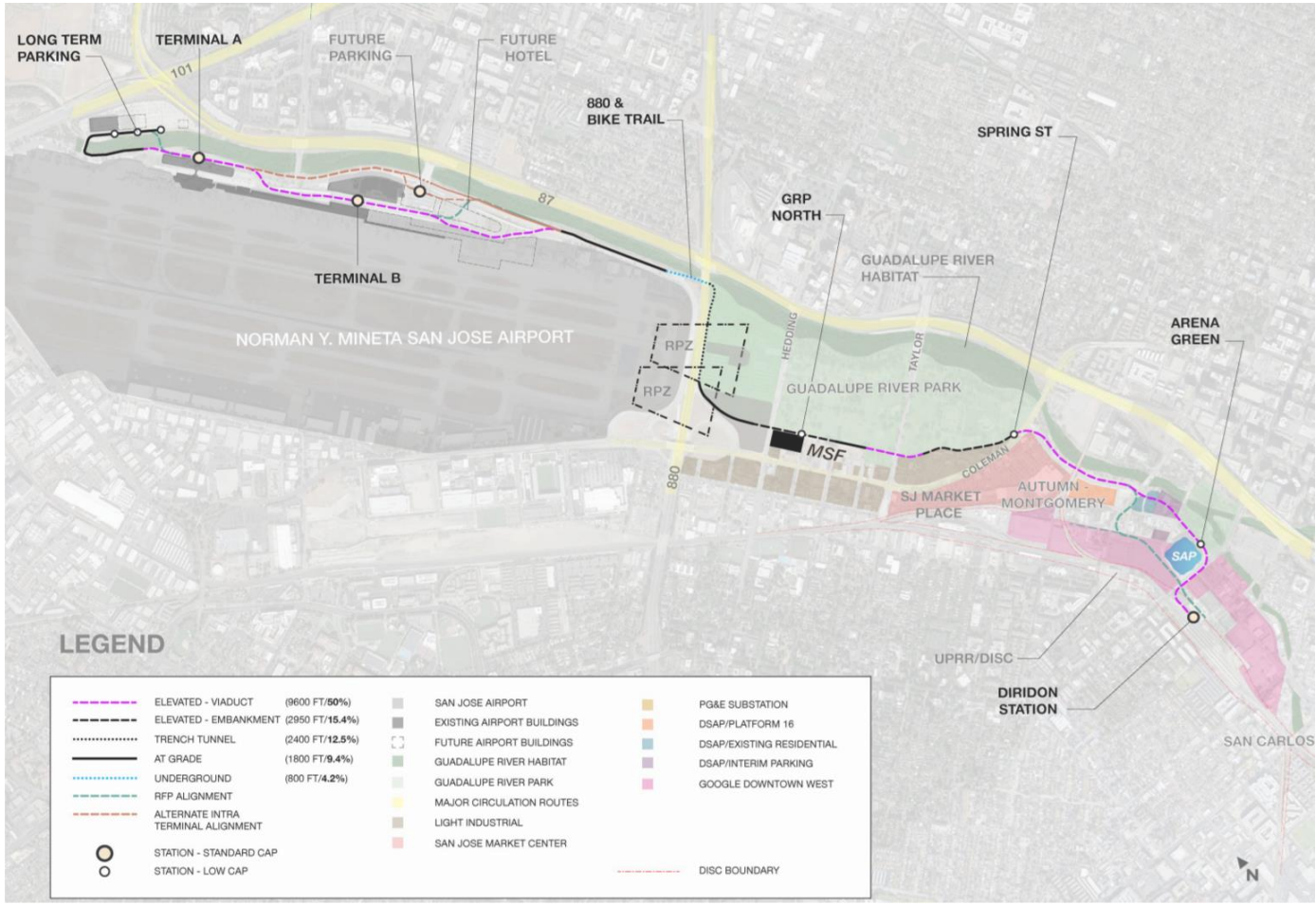
- Connects two regional transportation hubs
- Automated transit vehicles on dedicated guideway
- Optional Intra-Airport Connector

Why

- Transit to the Airport is currently not competitive
- Increased transit service connecting to
- Can expand to other underserved corridors

Why Now

- Diridon Integrated Station
- Land Availability
- Airport Expansion



Diridon Station Redesign Integration

Looking west from SAP on Santa Clara Street

Diridon Station Joint Policy Advisory Board:
https://santaclaravta.iqm2.com/Citizens/Board/1074-Diridon-Station-Joint-Policy-Advisory-Board

Aim: Significantly Reduce Cost

Current Market

5.5 miles of guideway
Passengers/hour: 10,000
$1.95 billion construction
Total **$4.9 billion**, with operations and maintenance

LAX Airport APM

Cost Goals for San José

~7–8 miles of guideway
Passengers/hour: 1,500 start (4,500 long-term)
~$500 million construction cost (target)
Private partner pays for operations (revenue risk)

Diridon to SJC

Note: prices in 2022 dollars

Public-Private Partnership (P3) Delivery

A P3 is a contractual agreement between a public agency and a private entity that allows the public sector to optimize project costs and schedule by transferring some risks to private sector partners in the delivery of public infrastructure projects.

This project includes a multi-phase Pre-Development Agreement (PDA). P3 delivery goals include:

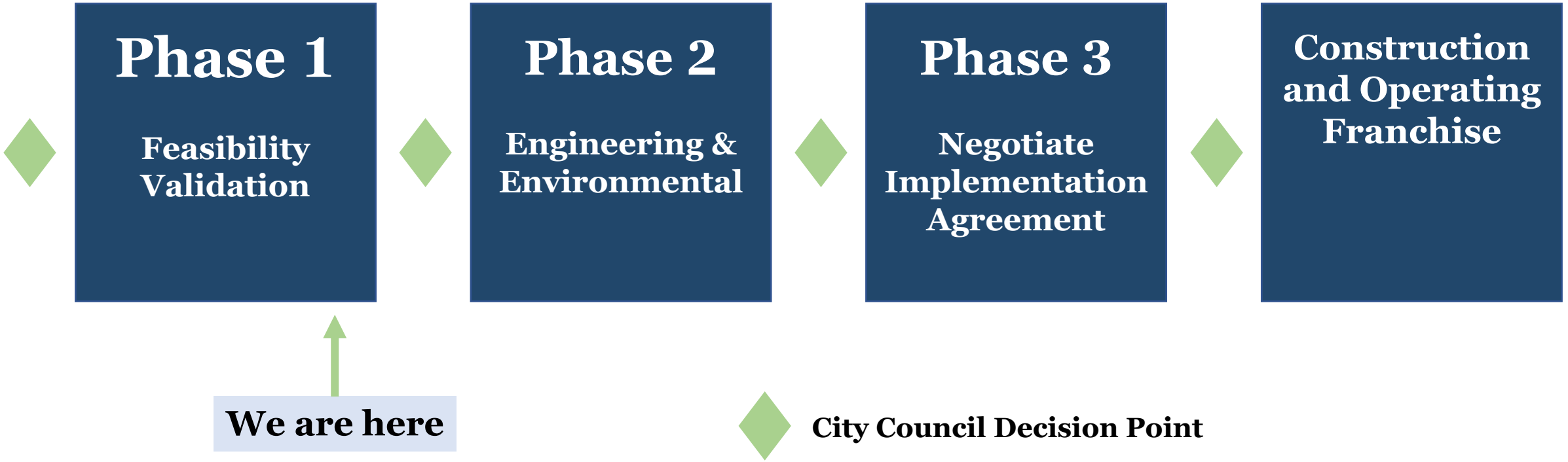
Leveraging Market Know-How

Finding the Right Technology Solution

Finding the Right Project Partner

Minimize Public Funding

Pre-Development Agreement Phases



Progress Report

- **Technology** – is progressing in line with expectations, though risks remain
- **Capital Costs**
  - Generally in line with expectations
  - Public contribution slightly higher than anticipated
  - Impacts from inflation, interest rates, and runway protection zone
- **Financial Viability**
  - Questions remain on operating costs and future fare revenues
  - Further work on-going re: ridership forecasting assumptions and scenarios

- Anticipate receiving final report in early Summer

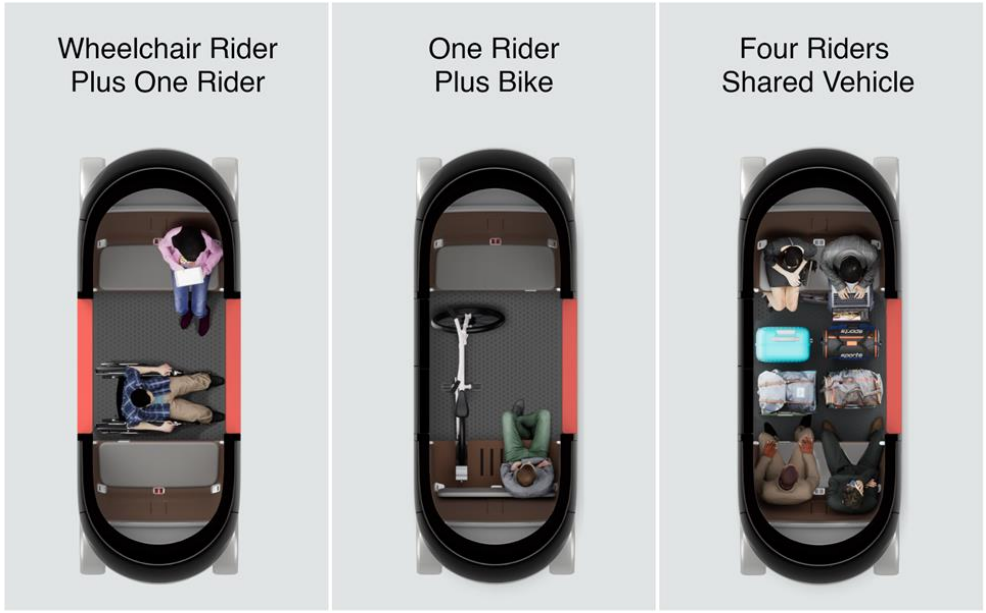
Technical Feasibility

Positives:

- Significant progress of Glydways system since 2022
- Conceptual design completed for a feasible alignment
- Future system expansion considerations started

Open Questions:

- Multiple milestones before service readiness
- Delays occurring typical to technology and project development
- Greater clarity needed on the CPUC approval process
- More operational planning needed



Commercial Structure

Positives:

- Clear, simple commercial structure consistent with SJCP's response to RFP

Open Questions:

- City will need to make decision on Risk Allocation tradeoffs
  - Areas where tradeoff of control versus risk transfer
  - What risks is the City willing to assume in exchange for lower capital costs?

Financial Feasibility

Positives:

- Base System conforms to the goal of total project cost
- Cost estimating methodology matches industry standards

Open Questions:

- Revenue – Ridership estimates critical for private operations
  - Post-pandemic impact on passenger air traffic and transit ridership
  - Revalidation of forecast assumptions for passenger air traffic growth
- Completing additional scenario analysis
  - To prove that the full system is financially viable
  - Size of private investment versus public funds needed
- More detailed information on costs estimates and value engineering

Benefit Cost Analysis

Positives:

- Report follows standard protocols for estimating benefit-cost ratio and net present value
- BCA covers primary benefits and costs of projects
  - Benefits: service reliability, decongestion, road safety and reduced pollution
  - Costs: negative externalities during construction phase

Open Questions:

- More detail on baseline conditions and travel demands
- Additional information on core benefits and benefit calculations

Table 25. Summary of Key Economic Metrics for the Core Analysis

Scenario	Baseline scenario	High Growth	Conservative	Alt. Terminal B access point
Present Value of Benefits	$1,780	$2,220	$1,227	$1,751
Present Value of Costs	$1,063	$1,134	$1,001	$1,063
Benefit-Cost Ratio	**1.7**	**2.0**	**1.2**	**1.6**
Net Present Value	$717	$1,086	$237	$687

Funding Strategy

Phase 2:

- Published information Memo to City Council on grant strategy in early May
- Applied for Innovative Finance and Asset Concession Grant Program ($2 million)
  - Helps projects prepare for applying for Federal TIFIA loans
- Working with VTA to secure Measure A funds
- Developing scopes and budgets to split Phase 2 into two subphases

Future Construction Funding Possibilities:

- Aiming to get project into Federal New Starts funding program
- State cap and trade funds through TIRCP grant
- Federal TIFIA loans for construction costs

Project Progress & Next Steps

Questions?

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